

**GATEWAY COMMUNITY AND TECHNICAL COLLEGE'S
ADMINISTRATION OF GRANT COUNTY'S ADULT
EDUCATION GRANTS FROM THE COUNCIL ON
POSTSECONDARY EDUCATION AND KENTUCKY
ADULT EDUCATION**

**For The Period
July 1, 2010 Through June 30, 2011**



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August 15, 2012

Reecie Stagnolia, Vice President
Kentucky Adult Education
Council on Postsecondary Education
1024 Capital Center Drive, Suite 250
Frankfort, KY 40601

G. Edward Hughes, President/CEO
Gateway Community and Technical College
500 Technology Way
Florence, KY 41042

Re: Adult Education Grants

Dear Mr. Stagnolia and Dr. Hughes:

This report contains the results of the performance audit of Gateway Community and Technical College's administration of the Grant County adult education grant for the fiscal year (FY) ending June 30, 2011. The Council on Postsecondary Education and Kentucky Adult Education contracted with this office to conduct performance audits of selected local adult education programs. This report represents our findings, recommendations, and the program's responses.

The Auditor of Public Accounts conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We greatly appreciate the courtesies and cooperation extended to our staff during the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Adam H. Edelen", written over a horizontal line.

Adam H. Edelen
Auditor of Public Accounts

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EXECUTIVE SUMMARY

PURPOSE AND SCOPE

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Grant County adult education program for a limited scope performance audit of its adult education grant. The Gateway Community and Technical College was responsible for the administration of this grant in FY 2011. An on-site review was conducted on April 26, 2012, to address the following objectives:

- Determine whether the local program's expenditures comply with the terms of their grant agreement and reconcile to invoices submitted.
- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local program's professional development activities comply with the FY 2010-2011 professional development policies and procedures.
- Report internal control weaknesses identified during our audit that relate to the audit's objectives.

To accomplish these objectives, the performance audit team reviewed the Policy and Procedure Manual for Kentucky Adult Education, as well as the local program's agreement with KYAE. During the on-site review, the audit team reviewed the program's accounting records (trial balance/general ledger), interviewed program administrators regarding internal controls related to the above grants, and tested samples of expenditure documentation, participant files, and personnel files for compliance with applicable requirements.

Below is the summary of findings:

FINDINGS SUMMARY

Finding	Disallowed Costs
One participant scored 12.9+ on their initial assessment and does not appear to be eligible for the adult education program.	N/A

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RESULTS AND RECOMMENDATIONS

FINANCIAL REPORTING AND COMPLIANCE

Scope and Methodology

The annual expenditures for which the program requested reimbursement through the KYAE Finance Module were compared to the line item budget approved by KYAE. This comparison was used to determine whether the program's reimbursements complied with the approved budget.

The annual expenditures for which KYAE reimbursed the program were then compared to the program's internally generated financial records. This comparison was used to determine whether the program's accounting records support the total amount requested for reimbursement using the KYAE Finance Module.

Findings

No exceptions were noted.

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PARTICIPANT ELIGIBILITY AND RECORD KEEPING

Scope and Methodology

To ensure an unbiased representation of the population, an automated process was used to randomly select 49 participants from the total population of participants provided by KYAE. The sample size was based on the determination to test 20 percent of the program's total participants, not to exceed 60. The participants tested received services during the period from July 1, 2010 through June 30, 2011.

The documentation maintained in the participant files was compared to the electronic student data to test compliance. We examined the files for the following:

- Proper eligibility documentation.
- Proper assessment testing.
- Evidence to support the achievement of goals/objectives reported to KYAE.
- Other requirements based upon the applicable program requirements.

The results of the test apply only to the selected sample and should not be projected to the entire population because the criteria tested may not be applicable to each participant.

Findings

To be eligible for adult education services, the participant must score 11.9 or below on their initial assessment. One participant scored 12.9+ on the initial assessment and does not appear eligible for the adult education program.

Recommendations

We recommend the program ensure compliance with applicable policies and procedures related to participant eligibility. Initial assessments should support the participants' eligibility, which is 11.9 or less for the Tests of Adult Basic Education (TABE) assessments.

Program Response

The person in question did have a HS diploma. She came to GCAE to boost her skills before enrolling in college and took 3 TABE Assessments. Her scores in Reading and Language were high, but needed help to boost her Math score. She was inadvertently enrolled in Language with a 12.9+ and should have been enrolled in Math where she had scored a 9.

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PURCHASING/EXPENDITURE COMPLIANCE

Scope and Methodology

Due to transactions not being provided electronically and the decision to test at least 20 percent of the total purchases, a sample of six expenditures was selected judgmentally from the program's detailed general ledger. These expenditures were tested for authorization/approval, supporting documentation, and proper recording. We also verified that the expenditures were made during the grant period from July 1, 2010 through June 30, 2011. Because this was a judgmental sample, the results of the test cannot be projected to the entire population.

Findings

No exceptions were noted.

PAYROLL AND STAFF REQUIREMENTS

Scope and Methodology

The eight staff members employed by this program during the audit period were tested based on KYAE personnel requirements. Personnel files were examined to verify that staff had the proper educational credentials required for their position and the documentation of hours worked was examined for existence and approval.

Findings

No exceptions were noted.

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PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE

Scope and Methodology

Professional development expenditures were tested for proper authorization, supporting documentation, and adherence to approved rates and reimbursement policies. Due to transactions not being provided electronically and the decision to test at least 20 percent of the total professional development expenditures, a sample of three expenditures was selected judgmentally from the program's detailed general ledger. Because this was a judgmental sample, the results of the test cannot be projected to the entire population.

Findings

No exceptions were noted.

INTERNAL CONTROLS RELATING TO GRANT

Scope and Methodology

An Internal Control Questionnaire was provided to program management regarding the controls in place for expenditures, bank reconciliations, revenue, and payroll. The completed questionnaire was reviewed by the audit team for any significant control deficiencies.

Findings

No significant control deficiencies were noted.